

## Administrator's Message





**JEFFERSON COUNTY**  
**OFFICE OF THE COUNTY**  
**ADMINISTRATOR**

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**"Jefferson County: Responsible government advancing quality of life."**

October 9, 2018

To The Honorable Members of the Jefferson County Board of Supervisors:

On behalf of the Jefferson County Finance Committee and Jefferson County staff, I respectfully submit the FY 2019 Jefferson County Operations and Capital Budget. As proposed, this budget will continue to sustain many recent initiatives that are focused on public safety, the battle on opioids and other drugs including alcohol, transportation systems and mental health with specific plans of service for children and families. Further, opportunities to move the goals and plans outlined in the strategic plan have been incorporated to positively impact the ecosystem of the County and carry out the vision and mission of the County.

This budget maintains the strong fiscal policy of the County to balance operational needs with an eye for the fiscal realities of tomorrow, carrying out the fiduciary responsibilities of the resources we are entrusted with. The budget continues to follow the fiscal parameters and policies of the board which includes the County maintaining a three month general fund balance, providing for full funding of all liabilities within our balance sheet and balancing the operations within the revenue parameters that exist across the County. Further, the County continues to not use any fund balance to offset operational expenditures and does not include any new bonding or debt in the budget.

The County has now been recognized for the fourth year in a row by the Government Finance Officer's Association with the Distinguished Budget Presentation Award. The goal in achieving this level of distinction is to develop a budget document that educates and is transparent to the public and County Board that the vision and policy guidance and priorities transcend both into the budgetary process and department operations. This process carries forward sound tenants of public policy in budget development and implementation that emphasizes transparency and understanding of where the dollars provided go in funding our day to day operations. But this is a continuous improvement process within itself as we strive to achieve and exceed best practices. This year a heavier emphasis of the strategic plan has been included in the department overviews and throughout the document. This is an area that needed greater improvement to move the vision of the County forward.

The budget preparation is a joint effort by both staff and elected officials to maintain positive communication year round about the execution of the approved budget and to begin conversations of program priorities to ensure on-going and emerging issues are identified and possible solutions analyzed for future program implementation or cost savings. Our County's budget process continues to improve and develop efficiency in budget development. The budget could not be done without the hard work of the Finance Committee, other standing County Committees/Boards, Department Heads, fiscal staff and the public. This document is truly the most important policy document that is adopted on a routine basis to ensure resources are appropriately allocated to carry out the mission and vision of the County.

#### **Budget Overview:**

##### ***Revenue:***

The County continues to examine various revenue streams to maintain its day-to-day operations. While maintaining the property tax freeze, the County may capture up to an additional \$294,218 in net new construction levy at 1.157%. In addition, a tax increment district closed out in the City of Watertown and the County is able to capture a portion as new construction. The new growth results in the Countywide levy increasing from \$27,357,982 to \$27,636,322 with the mill rate decreasing 4.07% going from 4.161 to 3.991.

The County continues to see an increase projected sales tax growth to \$6.325 million. This has been budgeted conservatively due to potential volatility with discretionary spending. Staff will monitor this trend along with the on-line sales tax implementation and the impacts to the County. This will continue to be reviewed with the Finance Committee. The investment strategy of the County continues to see strong returns with a projection of \$966,000. The investment team will continue to work to ensure our investment has the appropriate proportion of a diverse portfolio and protecting our income.

State shared revenue will be flat at \$1.17 million. As this is the beginning of the state biennium budget process, we will monitor to see if this holds. The utility tax contribution continues to slowly decline and will need to monitor looking to the long term fiscal health of this revenue. This will also be the first year that the new growth of construction is impacted by the reduction in personal property tax. This reduction is being replaced by the state through personal property aid which is \$137,399 for the county. Finally, several departments have received new or increased grants and donations to help pay for project, provide increased services and programs in area of needs. This specifically applies to Human Services for the new position requests.

##### ***Expenditures:***

The County's budget for FY 2019 shows a higher expenditure increase then usually from the previous fiscal year. A significant reason for this is due to increased one time capital expenditures that are being funded through one time revenue. This includes things such as the County's communication project, the Interurban project and Highway projects. The County expects that these expenditures will decrease in future years; however, proposed projects may span multiple fiscal years.

In addition, the County has been able to gain additional revenue to enhance services in the area of health and human services through increased staffing where grant dollars have been made available to fund these positions. Examples of this includes the development of a Family Centered Therapy program funded through Medicaid and Youth Justice grant along with the addition from this current fiscal year of a Parent Advocate and Parent Coach funded through the Greater Watertown Health Foundation. Finally, the County has been able to implement the compensation and classification study which includes a market adjustment. The recent change with health insurance allows this to occur. The anticipated cost for salary/wages and health insurance is \$37,873,340 in FY 19 versus \$37,374,432 in FY 18, a net 1.4% increase.

**Tax Impacts:**

The County has seen an increase of 5.30% equalized assessed valuation (EAV) within the County going from \$6,575,416,500 to \$6,923,882,000 for an increase value of \$348,465,500 (non-TID). This impact results in the County wide operational mill rate being reduce from 3.9882 in FY 18 to 3.8278 in 2019. The debt mill rate for 2019 is .1640 down from .1725 in 2018.

Including debt the overall mill rate is reduced from 4.1614 to 3.991 or a 4.07% reduction. The proposed levy is broken down as follows:

<b><u>County Wide</u></b>	<b><u>Non-County Wide</u></b>
General Levy - \$26,502,980	County Library - \$1,151,101
Debt - \$1,134,342	Department - \$863,411

The County continues to limit debt issued. The County has a statutory debt limit of \$363,010,385 with a total debt capacity available going into 2019 of \$348,740,385 or 96.07% of debt limit available. The County maintains a very positive bond rating of Aa2.

**Capital and One-time Projects:**

The County continues to utilize savings from previous fiscal years via the fund balance policy application and direct levy dollars to invest in the infrastructure, facilities, equipment and one time projects to perform the key day-to-day functions for various County activities.

**Communication Project:** One of the most significant investments being recommended in FY 19 is to provide a significant upgrade to the County's communication system. When fully upgraded, the system will be fully redundant and will be APCO 25 (digital). The system will continue to have analogue capabilities. Prior to a plan being acted upon, the County will have received a complete report from the consultant the County approved on Sept 11<sup>th</sup>. This budget for FY 19 is reserving \$1.128 million towards this project based on the following phases being completed:

- i. Phase 1 - Microwave, Paging and Fire Simulcast Replacement (estimate - \$635,000)
- ii. Phase 2: EMCOM Simulcast (estimate - \$225,000)
- iii. Phase 3: Fire Simulcast Completion and LAW 1 Simulcast (estimate - \$320,000)

The County has also identified additional phases for future fiscal years which includes: Phase 4 MARC, IFERN, PT-PT and Law 3 Replacement; Option 1 - Law3 to Simulcast; Option 2 - Whitewater Site; and Option 3 - Highway Channel with 8 Receiver Sites.

Capital expenditures highlights include:

- Courthouse elevator renovation - \$125,000
- Interurban Trail Development - \$1.378 million
- Courthouse and Judges Parking Improvement - \$130,000
- County Board Room Upgrades (audio/electric) - \$60,000
- Highway Trucks/equipment - \$2.067 million
- Health and Human Services Roof Project- \$200,000
- Road Projects
  - o CTH CI (STH 106 – CTH Z) Levy: \$1,337,358; CHIP \$222,642
  - o CTH B (Dane County to Waukesha County) – Levy \$2,070,000 (\$2.5 million)
  - o CTH J (STH 106 – US 12)- Levy \$100,000
  - o CTH A (Carry over project) - \$920,740

**Advance Funding Projects:** The County has been placed in a good position to collaborate and partner with various entities to move quality of life projects forward. In FY 19 and subsequent fiscal years, there are two projects that are built into the budget to authorize moving forward that allows leveraging these partnerships for a significant portion of the costs with the opportunity for the County to recapture portions of their investment in future years.

**Korth Land Acquisition:** Adjacent to Korth Park is the potential for acquiring an additional 40 acres or so that is called for in the plans for Korth Park. Seventy-five percent of the funds have been tentatively assembled toward potential acquisition. This budget will advance funds for the remaining twenty-five percent (\$112,500) with the anticipation these funds will be returned back to the County.

**Interurban:** The County continues to work with numerous partners to build the Interurban Trail from Watertown to Oconomowoc. The County has received a TAP grant for over \$1.1 million dollars for the next phase. This budget builds in the design work required for an estimated \$275,000. The County anticipates it will be able to raise \$175,000 of this through the course of the next two Fiscal Years.

**Strategic Plan:**

A key point of investment is to move several areas of the strategic plan forward. Included in the budget is providing funds to carry forward several of the action steps that have been highlighted and prioritized. This includes the following efforts: comprehensive plan/farmland preservation plan update, transportation plan, transportation/share ride, broadband consultant and broadband matching funds, marketing plan, opportunity zones assistance, marketing plan, priority based budgeting and shared services. This would provide a significant amount of resources in moving the plan forward. Further, this will provide one time dollars to assist with capacity building to fund an LTE position for a year to help in the execution of the strategic plan and other policy updates.

**Revolving Loan Fund:**

Jefferson County has administered a Revolving Loan Fund (RLF) to help provide gap financing to businesses in the community through dollars provided by the state as Community Development Block Grants (CDBG). The County and many of our municipalities will be impacted by proposed changes to the program. This budget will facilitate seed money that will allow for the County to develop a local program and explore partnerships to further leverage this investment. Prior to a new RLF formally being developed, the Jefferson County Economic Development Consortium (JCEDC) and Finance Committee will review and make recommendations.

**Capital Projects Fund:**

This fund has been utilized as the business unit for the "Highway Projects." This has included the demolition of the old County nursing home, construction of the new central highway facility, demolition of the old highway facility, and the construction of the two new highway satellite facilities. Upon the conclusion of FY 18, the one remaining task will be final cleanup of the old highway site in preparation for redevelopment and sale. In FY 19, funds have been set aside for professional services to help with the final environmental work, professional services to prep for redevelopment and cleanup efforts related to the site which also are a portion of the County's match for the joint city/county park.

**Future Outlook:**

The County Board of Supervisors and Finance Committee consistently work with staff in reviewing best management practices, continuous quality improvement initiatives, updating policies and aligning the budget with strategic objectives and priorities. The strong County financial position continues to be maintained; however, proactive efforts will need to take place to maintain this position while working to align resources to carry out the vision and mission of the County. Work will continue to focus on forecasting the financial position of the County to ensure decisions are focused on the current needs but also the long term costs. This work will take greater efforts of how revenues sustainability balances towards the expenditures of the County. This will specifically focus on sales tax and investment income related to operational expenditures. Further, I anticipate recommendations in FY 19 related to personnel resources being aligned with priorities.

Over the past several fiscal years, we have highlighted that the budget process evolving as it becomes more aligned with strategic goal setting. This budget has taken some significant steps towards this goal. One of our next steps in this process is engagement in the priority based budgeting process. The intent is to use objective and subjective criteria to develop a more enhanced budgeting approach focused on program costs and outcomes. This will change the focus of a line item budget to policy conversations on programs and their impact to the County internally and externally, as the County will face greater demands for limited resources, at the same time as handling more complex challenges and policy questions. The County continues to look at service overlap and opportunities to collaborate and share resources both internally and externally. This new process will compliment what already is occurring. The long term vision will provide proven outcomes by business functions and demonstration that the County maximizes opportunities for efficiencies to provide the highest level of services at the best value possible to our stakeholders in accomplishing the vision and mission of the County.

A sincere thanks is in order to the Finance Committee for the on-going dialogue and guidance to the budget as well as all the Department Heads; the respective financial divisions in Highway, Human Services, Sheriff and Health; the Finance Department, specifically Marc DeVries and Tammy Worzalla; the Human Resources Department, especially Terri Palm; Kathy Hart from Central Duplicating and Tammie Jaeger, my Administrative Assistant. They all put tremendous time and efforts into the development of this budget.

Respectfully Submitted,



Benjamin Wehmeier  
County Administrator



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Jefferson County  
Wisconsin**

For the Fiscal Year Beginning

**January 1, 2018**

*Christopher P. Morill*

Executive Director